

# 2008 GENERAL SESSION FISCAL NOTE WORKSHEET XI (Revised Jan. 2008)

Agency: UTAH STATE OFFICE OF EDUCATION

Bill Number HB 391 2nd Substitute

TITLE OF BILL: PUBLIC SCHOOL FUNDING by Representative Wayne a. Harper

Requested by: Patrick Lee

Fax/Electronic Mail Transmittal To:

Office of the Legislative Fiscal Analyst  
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Salt Lake City, UT 84114-5310  
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Name: Patrick Lee

Date: February 29, 2008

Fax Number: \_\_\_\_\_

Please return to Fiscal Analyst by: February 29, 2008

This Bill Takes Effect: ☐ On passage ☐ On July 1 ☐ 60 Days after session ☒ Other 1/1/2009

Bill Carries Own Appropriation: ☐ 1/1/2008

## FISCAL IMPACT OF PROPOSED LEGISLATION

	FY 2008 Supp.	FY 2009	FY 2010
<b>A. REVENUE IMPACT BY SOURCE OF FUNDS</b>			
1. General Fund			
2. Uniform School Fund - Education Fund			<b>\$632,000,000</b>
3. Transportation Fund			
4. Collections			
5. Other Funds (List Below)			
6 Local Funds			
<b>7. TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 632,000,000</b>

## B. EXPENDITURE IMPACT:

<b>By Source of Funds</b>			
1. General Fund			
2. General Fund, One Time			
3. Uniform School Fund - Education Fund			<b>\$632,000,000</b>
3. Transportation Fund			
4. Collections			
5. Other Funds (List Below) <u>Loss of Property Taxes</u>			<b>(\$615,432,181)</b>
6. Local Funds			
<b>7. TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,567,800</b>
<b>By Expenditure Category</b>			
1. Salaries, Wages and Benefits			
2. Travel			
3. Current Expenses			
4. D.P. Current Expenses			
5. Capital Outlay			
6. D.P. Capital Outlay			
7. Other (Specify) <u>Uniform School Fund</u>			<b>\$632,000,000</b>
<b>8. TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 632,000,000</b>

## C. IMPACT IN FUTURE YEARS?

*If no fiscal impact in the first two years, indicate any impact in future years, and explain. Also, indicate any significant changes in fiscal impact beyond the first two years. (Use back side, or attachment, if necessary.)*

Cathy Dudley  
Prepared By

MSP Budget and Property Tax Specialist - USOE  
Title

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Phone #

February 29, 2008  
Date

**D. Identify Sections of the Bill That Will Generate the Additional Workload or Cost Increase**

**E. Expenditure Impact Details (Ties to totals in Section C)**

*List and document methodology and/or assumptions used in determining need for workload and cost increase.*

*List number, type, and step ranges of personnel required, including benefits.*

*List details of other impacted expenditure categories as shown in Section C.*

*List additional space requirements and cost associated with requirements of this bill.*

*(USE ATTACHMENTS IF NECESSARY.) This bill repeals ten of the thirteen taxes that school districts have the authority to levy (capital outlay, voted capital outlay, voted leeway, board leeway, Public Law 81 -874, 10% of basic, K-3 Reading, tort liability , recreation, and special transportation) and eliminates the school districts' authority to bond. This bill proposes to increase the sales and use tax on non -food items by 1.45% and dedicates that funding to the Uniform School Fund. These funds will then be allocated to school districts based on a school district's total weighted pupil units compared to the total weighted pupil units for all districts in the state.*

*Section A lists an increase in the Uniform School Fund by \$632,000,000. This number comes from the State Tax commission . The attached spreadsheet shows that there would be an overall increase in what the school districts receive through the property tax revenue of \$16,567,800, based on current tax numbers, with some districts winning and some losing. The charter schools could receive a windfall of over \$40 million based on the attached spreadsheet's estimates.*

*Revenue from the increase in the sales tax shall be used first to pay for bonds issued by a school district prior to January 1, 2009. The remaining monies received by a school district shall be used to offset the school district's certified tax rate as a result of the repeal of the above-mentioned levies.*

*The bill also allows school districts to implement a tax (not to exceed a tax rate that would generate an amount equal to the school district's property tax incremental tax loss) if the amount of revenue the school district receives during FY09 -10 is less than the amount of revenue calculated for their certified tax rate. After January, 2011, a local school board may levy a tax to fund the school district's general fund.*

**F. No Fiscal Impact or Will Not Require Additional Appropriations?**

*Specify why this bill will have no fiscal impact on your agency or institution.*

*Specify how you will reallocate workloads, resources, or funding sources to eliminate need for additional appropriations. (USE ATTACHMENTS IF NECESSARY.)*

**G. If Bill Carries Its Own Appropriation:**

*Indicate if the amount appropriated is adequate to meet the purposes of the bill.*

*Are there future additional costs anticipated beyond the appropriation in the bill?*

**H. Impact on Local Governments, Businesses, Associations, and Individuals**

*Specify requirements in the bill that drive the impact on local governments.*

*Indicate costs or savings that are **DIRECT and MEASURABLE**. If direct and measurable data are not available, are there areas that potentially could have a fiscal impact? (USE ATTACHMENT IF NECESSARY.)*

Local Governments:

*Please refer to the attached spreadsheet in column 11 to see who the winners and losers would be. Those districts that lose money could levy a school district discretionary levy. However, before they imposed this levy, a school district would need to submit an opinion question to the school district's registered voters voting on the imposition of the tax rate so every voter has the opportunity to express their opinion on whether or not the tax rate should be imposed.*

*Any money allocated to a school district in accordance with this bill shall be used first to pay for bond issued by a school district.*

*This bill does not address the loss of the state guarantee funding for the Voted and Board Leeway taxes.*

*Eliminating the authority for school districts to bond could decrease the building of schools unless that increase in sales tax revenue is sufficient to cover the costs of those buildings. School districts would have to pay as they built their new schools.*

Businesses and Associations:

This is a draft fiscal note response from the Utah State Office of Education (USOE) and may be revised in the future.

This fiscal note input draft does not imply endorsement of this bill by the State Board of Education or USOE.